

---

## Condo Smarts

Headline: Business as normal?

Topic: Budgets, Proxies

Publication / Date: The Province, Apr 2, 2020

Written by: Tony Gioventu

**Dear Tony:** Our strata had our Annual Meeting by restricted proxy and a simultaneous zoom meeting which worked very well. We had the largest participation ever. Out of 110 townhouses and 50 apartments, 135 people sent in their proxies and 25 attended the zoom meeting to ask questions. All of our resolutions passed and we elected a council; however, one concern that was raised was the proposed budget was reduced by 25% when it was issued. We cut corners on landscaping, building exterior maintenance and reduced our contingency contribution to \$0. Our insurance renews in August and owners are seriously concerned we do not have enough funds to pay any increases and our exterior maintenance is due for perimeter drain cleaning, gutter cleaning and repairs and a long overdue roof inspection. We know it's a tough time for everyone, but does this make sense? We may be creating much more costly problems or risks if we defer a number of issues. Owners at the meeting wanted to know can we amend our budget in August if we need more funds?

*Margo R. D. President of Council*

**Dear Margo:** Great news that your strata managed to convene your meeting. Many strata corporations are looking at options for meetings under the current restrictions and the combination of a restricted proxy that ensures everyone has the opportunity to direct a restricted vote, and the zoom meeting to enable questions and dialogue is likely the most viable solution under the current conditions.

While deferring maintenance repairs or renewals to be more budget wise sounds like a good idea, most strata corporations are operating with bare bones budgets already and can ill afford to reduce their maintenance, renewals and contingencies for increased insurance costs.

Perhaps a test for strata corporations to consider in evaluating whether a reduction in service is viable would be helpful. Create an annual schedule of all of your maintenance, inspection, service and repair requirements. Set a priority based on conditions such as: life safety components and utilities, component operation that is regulated or licensed such as elevators, boilers, generators, components that may result in water damage if they fail, component service such as janitorial that may result in health risks to residents, and components that may result in damages to building elements and services if eliminated, that increase your exposure to losses or lawsuits.

These are your essential services. For most buildings it is almost impossible to reduce their current budgets because of the high cost of housing, strata owners have approved minimal budgets whenever possible. Try to maintain business as normal as much as possible. There are many contractors who are still dedicated to servicing their clients and available for routine services and emergency response.

If you require additional funds during the year because the corporation did not budget sufficiently, you will be required to convene a

special general meeting and approve either a special levy or a contingency reserve fund expenditure. There is no provision in the *Strata Property Act* to amend the budget during the fiscal year. In addition to making operations volatile, it would be a principle contradiction to disclosure of information to buyers, financial institutions, and predictable contributions for owners.

The insurance market is still in the midst of very difficult times, and with worldwide markets falling, this has also affected revenues for the insurance industry. If your strata insurance is renewing in the next 6 months, this is a good time to start a direct discussion with your insurance broker. Claims history, maintenance status, location, age of your building, risk management activities and capacity of your property, are all factors that will influence your insurance renewals, costs and deductibles rates.